

The future of cosmetics and beauty: now it's personal



Innovation in the cosmetics and beauty industry has traditionally been dominated by R&D advancements in formulation chemistry, backed up by huge marketing budgets. Changing consumer preferences and expectations are now driving a wider range of new product innovations.

The result is that, in many cases, developing a new formulation simply isn't enough to gain a competitive edge or create differentiation. Today's consumers want more from both the brand and its products: they're looking for a personalised experience—to feel that what they're using meets their individual needs and that it's tailored and relevant to them.

At Sagentia, we're working with some of the world's leading personal care brands and seeing how this drive for a personal experience is shaping the future of cosmetics and beauty.

27,000

scientists employed by the European cosmetics and personal care industry

€2.35bn

estimated European R&D expenditure



92%

of consumers trust recommendations from others over brands

The personal care industry is big business:

The European cosmetics and personal care industry employs more than 27,000 scientists from a range of disciplines including physics, dermatology, chemistry, toxicology, biology and genetics. They are working in at least 75 scientific facilities in Europe carrying out research in relation to cosmetics and contributing to a total European R&D expenditure estimated at 2.35 billion Euros.¹

Who owns your brand? The movers, shakers and fakers

In today's digital market, it's much harder for brands to connect and convince consumers of product efficacy through conventional marketing means.

Historically organisations have relied on a solid base of loyal consumers. This brand loyalty is shifting, with customers paying more attention to what influencers and peers say, than brands. This is supported by research that shows consumers are more likely to trust an online review over any claim the brand makes.

92% of consumers trust recommendations from others, even people they don't know, over branded content. 70% say that online reviews are their second-most-trusted source, and 47% of U.S. readers consult blogs to keep tabs on trends and ideas."²

Consumers have a lot of choice! They have access to salon professionals, social media, friends and others to get information, advice and tips on personal care and beauty.

More consumers than ever are seeking guidance from a growing number of amateur bloggers and endorsed vloggers who are increasingly being seen as trusted advocates and critics.

This has created a new challenge for consumers: how do they cut through the noise and the hype to find the claims that they can really trust?

\$54.2bn

expected value of the
global beauty devices
market by 2020

100x

growth of volume in
electric beauty devices
between 2010 and 2015

Information overload to informed choice

The trend is personalisation: a product which is tailored, relevant and meets consumers needs at an individual level; and they're much less concerned with which brand is delivering it to them.

How can a mass market cosmetic product deliver such a personalised experience?

At Sagentia, we believe that tangible scientific insights can deliver stronger product claims and results building more trust, transparency and a closer bond between brand and customer.



We see devices playing a major part in this story as they can get up close, into the hands of the customer and can be perfectly placed to diagnose, guide and delight the consumer directly.

Devices are becoming more widely accepted: Persistence Market Research, expects the global beauty devices market to grow from US\$19.4 billion in 2014 to US\$54.2 billion by 2020, with Asia reported to be the fastest growing regional segment of this market.³

Another report has found that in Asia Pacific, sales of electric beauty devices grew by nearly 100x in volume between 2010 and 2015.

What's new: trends and insights

Digital beauty

Digital devices are revolutionising the beauty regime, creating a new eco-system of products that enables an individual's physical attributes to be measured, monitored and enhanced on a continuous cycle.



Such an eco-system, we believe, will provide new benefits to consumers, distributors and professionals through the ability to better understand a person's individual needs, empower them to select the right products, and demonstrate benefits gained through acceptance and approval.

For many personal care and beauty brands, which historically have focused on formulation chemistry, the expansion into digital products can be both exciting and daunting.

It's important to first ask the question 'what role do you want this product to play in the consumer's journey?' Is it, for example, a diagnostic instrument to empower a salon professional to better evaluate their client's hair condition, a tool given away with a product to enhance application or a stand-alone device with its own unique cosmetic benefit?

We have seen how devices can be powerful tools, unlocking new value at different touch points in the consumer's experience.

'What role do you want this product to play in the consumer's journey?'

For global brands it's also important to understand how this story varies in different cultures. In our experience, and from conducting focus groups globally, we see major differences in need; in China, for example, we witnessed a powerful shift and acceptance towards the use of devices for various aspects of the beauty regime. Further research revealed that this was driven by a cultural aversion to touching the skin directly which is seen as unhygienic and damaging.

As a contrast, in Europe and the US we've seen that the emphasis is more on broadening customer choice, creating a 'professional grade' experience at home and providing smarter products to fit in with a customer's lifestyle.

Personalisation and the user-experience

Technology, the interconnected world and a one-click purchase culture, are driving consumer behaviour—allowing all of us to watch, shop, connect—or disconnect with a new found autonomy.

But the reverse is also true—the consumer is making demands of organisations, businesses and individuals to meet their needs.



The beauty and cosmetics industry is certainly no different as we see consumers looking for products and services that create and deliver a personalised beauty and care experience.

This means creating products that are also tailored to diverse individual factors such as age, lifestyle, climate, gender, ethnicity, geographies, and health and wellbeing. As the need for 'personalised' increases—diagnostics and customised formulations will take centre-stage.

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2,000

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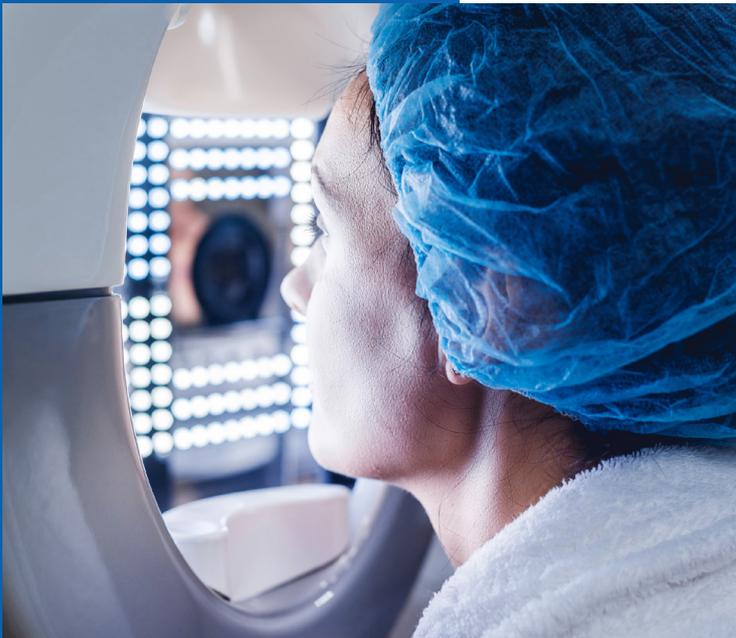
Nu Skin is one of the leaders in creating a platform of products that meet this desire for a personalised skincare regime and delivers a more tailored experience for consumers.

Working with Sagentia, Nu Skin developed **ageLOC Me**—a system that enables around 2,000 possible anti-aging serum combinations to be elegantly blended and dispensed at the sense of the user's hand.

Other brands are also turning to technology; HiMirror, originally launched in 2016 by the New Kinpo Group, offers users an Amazon Alexa voice-controlled smart mirror that provides tailored beauty advice after a visual diagnosis of the user's skin. The HiMirror integrates AI to offer a daily skin analysis and personalised recommendations as well as augmented reality to allow the user to try on make-up virtually.

L'Oréal Paris launched Make Up Genius, an AR-powered beauty app which turns an iPhone screen into a mirror to over-lay make-up onto the consumers face. By giving users the ability to try and test products before they buy, it offers greater value for consumers and can go some way to solving common problems like finding the right shade or type of foundation. It also gives consumers the opportunity to gain professional advice, resulting in a far more customised experience. As a further development, L'Oréal announced in August that its augmented reality (AR) platform ModiFace is collaborating with Facebook to allow consumers to virtually try on beauty products across its wider brands.

It's not just cosmetics: hair care is also embracing devices and technology. In 2017, Kérastase revealed the first Smart Brush: the Kérastase Hair Coach Powered by Withings. The brush uses sensors to establish the quality of hair and monitor the effects of the user's haircare regime. An accompanying app details the findings alongside additional insights and customised product recommendations to help improve the haircare routine. The hairbrush uses a microphone to identify patterns in the users brushing technique, and will let them know, for example, if they're brushing too hard.



The ability to test hair under the microscope and to see how characteristics of hair are dramatically different between ethnicities, age and gender, provide the potential to deliver a personalised experience through devices, technology and product.

Getting smart and staying connected

'Connected' and 'smart' are terms now synonymous with digital products and devices, often grouped together but vastly different in the values they can create. In our experience smart doesn't need to be complex and often simple sensors can enhance the intelligence and performance of a product.

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The **Nu Skin LumiSpa** cleansing device—designed with Sagentia—incorporates smart features such as embedded hardware and a unique algorithm which allows the device to adjust to the user's behaviour and adapt to ensure they get the most out of the product.

In developing LumiSpa it was important to create a device which would fit seamlessly into the consumer's daily routine, offering an enhanced cleansing experience unachievable with formulation alone and a demonstrable benefit from the very first use.

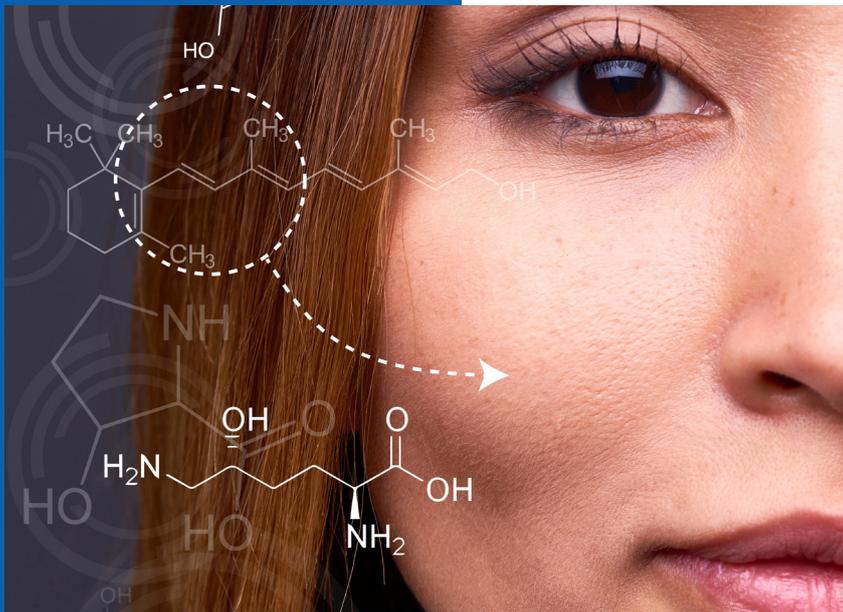
Should our personal care devices be connected? The answers really lie in understanding what—if any—value this brings and to whom: The customer? The professional? The company?

In China we see a default expectation for devices to connect, log data, share and quantify, whereas in California the question we often get asked is, 'why do I need another Bluetooth connection and app?'

'Smart connected devices can deliver real value'

But smart, connected devices can deliver real value to customer and brand. For example, Unilever's hair care business wanted to develop a diagnostic device to support brand activation, engaging consumers and encouraging them to try Dove products.

This device connects to the internet and uploads the consumer's damage scores along with various metadata (hair colour, user profile) which can then be matched to a haircare product tailored to their needs.



Not only does this create and maintain a personal customer relationship, it allows Unilever to collect use data for research and development to build the next range of products.

The future of cosmetics and beauty

So while science is often the innovation enabler and chemistry formulations will always be central to development, they're just two elements of a much longer equation.

'The best solutions are created when a multi-disciplined team of scientists, engineers and designers come together to collaboratively challenge each other, from the start.'

Our experience in consumer device development has shown us that the best solutions are created when a multi-disciplined team of scientists, engineers and designers come together to collaboratively challenge each other, from the start.

It's this approach which is seeing the big brands and the challenger organisations compete and win consumers on a more level playing field. The market is now about more than creams and cosmetics: the product developers, device designers and software engineers are becoming part of the team.

We understand this better than most: Sagentia's history is in the application of science and technology, which remains at the core of our approach to innovation. In addition, our cross-disciplinary collaborative approach to challenges allow us to bring a bespoke and tailored team together from a range of experiences that best meet client needs. It's because of this that we continue to work with some of the most recognised cosmetics and beauty brands in the world.

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Why Sagentia: Transforming innovative ideas into commercial reality

As consumers have ever-changing and sophisticated demands, brands need to develop innovative products to grab their attention. But with limited internal resources they struggle to make products that are purposeful, functional, attractive and up-to-date with their rapidly changing markets.



Here at Sagentia, we believe in the application of science, enabling brands to effectively capitalise on the need for sophisticated in-home treatments and in-home or in-store diagnostics.

Our in-depth knowledge of science, technology, consumer needs and future trends, means that we can develop innovative products with future-proof qualities, ensuring brands can surpass consumers' expectations.

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 Sagentia

By combining the knowledge of our experts in science, engineering and design with our ability to rapidly evaluate and deploy new technology, we quickly and effectively transform ideas into commercial reality. This enables clients to be agile and ground-breaking—efficiently developing products for imminent and future needs, while retaining valuable IP ownership.

¹ <https://www.cosmeticseurope.eu/cosmetics-industry/innovation-and-future-trends-cosmetics-industry/>

² <https://blog.realhub.com.au/people-trust-their-friends-family-5-times-more-than-a-brand-message-3db33a9959d9>

³ <https://www.edb.gov.sg/en/news-and-resources/insights/innovation/beauty-and-personal-care-goes-high-tech.html>